

CHAPTER X

THE CAUSES OF THE VARIATIONS IN THE PRICES OF SECURITIES

No more efficient service can be rendered to the investor than that of aiding him to a familiar acquaintance with the conditions which produce the changes in the prices of securities. Through the recognition of the uniformity and calculable nature of causes, with the implied absence of arbitrary and therefore unpredictable elements, the investor, under adverse stress, can rest in assured confidence.

The knowledge of causes (or rather of uniformities of action), is the basis of all reasonable and decisive judgment and acts in every department of inquiry and work. If in natural science we were limited to an apprehension only of the objects which affect our senses we should be able, it is true, to classify them according to the likenesses and differences by which they are connected and separated, but this result would be sterile for our practical needs; we only reach a position of serviceable power when we discover the uniform modes in which (through the operation of the forces which objects possess and which their observed activities embody) they act upon and modify each other—advancing as we do, from the *kind* of effect thus produced (or qualitative knowledge) to the *amount* of this effect (or quantitative knowledge) which composes science.

Bearing upon every section of human practice, no more illuminative aphorism—unsurpassed in the comprehensiveness of its generalisation of experience, and its predictive insight—was ever uttered than the great proposition, "The truth shall make you free." The history of man—the record of his gradual redemption from slavish and despairing fear, social and scientific—furnishes but an impressive series of illustrations of the